

VZCZCXYZ0006
OO RUEHWEB

DE RUEHNY #0362 1031108
ZNR UUUUU ZZH
O 131108Z APR 07
FM AMEMBASSY OSLO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5492
INFO RUEHXP/ALL NATO POST COLLECTIVE IMMEDIATE
RUEHTV/AMEMBASSY TEL AVIV IMMEDIATE 1321
RUEHJM/AMCONSUL JERUSALEM IMMEDIATE 0466

UNCLAS OSLO 000362

SIPDIS

SENSITIVE
SIPDIS

E.O. 12958: N/A

TAGS: [EFIN](#) [IS](#) [KPAL](#) [PINS](#) [PREL](#) [ISPA](#) [NO](#)

SUBJECT: NORWAY NORMALIZING ECONOMIC RELATIONSHIP WITH
PALESTINIANS

¶1. (U) Summary: Palestinian Finance Minister Fayyad's April 12 visit to Oslo highlighted the economic aspect of Norway's March 17th decision to normalize relations with the Palestinian National Unity Government (NUG). FM Stoere stated that Norway is ready to resume direct, broad budgetary support to the NUG when the time is right. In addition, Norway will now resume direct and specific assistance to three ministries, Culture, Education and Planning. Stoere also stated that he expected the NUG to recognize Israel, address security concerns and contribute to the release of Cpl. Shalit and BBC journalist Alan Johnston. End Summary

¶2. (SBU) Fayyad visited Norway after meetings in Brussels and before meetings in Washington. His conversations with the Norwegians focused on the technical details of how to resume Norwegian direct budget support for the Palestinian government and how to improve donor countries relationship with the NUG. Norway called upon donor countries to think constructively on the changed political reality which the NUG represents. MFA officials told emboff that once banking restrictions are resolved and the Fayyad is able to establish a single treasury account with appropriate accounting standards Norway will resume direct budget support for the NUG, as they did in the past with the Palestinian Authority. The exact amount of this budgetary assistance has not yet been determined but is expected to be similar to 2005 levels, 100 million kroner (17 million dollars). Total Norwegian assistance to Palestine in 2007 is expected to be approximately 650 million kroner (110 million dollars). The resumption of direct assistance to the Culture, Education and Planning Ministries is also a return to previous methods of operation. Norwegian development assistance had not completely stopped but had instead been funneled through contractors or directly to the schools, museums, etc themselves. The amount of this assistance is not large but it is a symbolic step as it directly supplies money to Hamas-controlled ministries. Norway also announced that it will donate 75 million kroner (12.5 million dollars) to UN humanitarian efforts in the Palestinian territories.

¶3. (U) Palestinians are the largest recipients of Norwegian assistance and Norway is eager to resolve the international banking restrictions on the NUG. Norway believes that only through supporting the finance ministry with direct assistance will it be possible to encourage direct, effective and open use of assistance. Stoere's comments during the press brief were primarily focused on economic aspects of the normalization process with the exception of his call for the NUG to recognize Israel, address security concerns and assist in freeing captives.

WHITNEY